

China Health Bibliography Update

September 2004

EASHD---China Rural Health AAA

***Contents in this update are from the following database: [PubMed](#), [EconLit](#), [Social Science Citation](#), and [Factiva](#)

Special interests:

- [Improving human resource management in Chinese healthcare: identifying the obstacles to change](#)
- [Factors affecting the implementation of health legislation and its impact on the rural poor in China: a case study of implementation of the maternal and infant health care law in two poor counties](#)
- [A long financial march: Pension reform in China](#)


In the news from [Factiva](#)

- [BBC: Chinese official visits Ningxia, urging sustainable development](#)
- [Dow Jones: China lung cancer rate soars, state blaming smoking, smog](#)
- [Xinhua via BBC: China party document says development top priority](#)
- [Sinofile: Foreign drug companies ask to be more included in Chinese essential drug list](#)
- [Asia Pulse: ADB forecasts China grows 8.8% in 2004](#)
- [SinoFile: China suspends price cuts for self-developed drugs](#)
- [South China Morning Post: Free TB care offered for Mainland poor](#)
- [Xinhua via BBC: First insurance company for farmers opens in Shanghai](#)
- [Xinhua: China to increase TB funds](#)
- [Los Angeles Times: China turns to psychology](#)
- [South China Morning Post: China's health care time bomb](#)
- [New York Times: Migrant workers reshape China](#)
- [The Standard: Beijing to hold the first economic census](#)
- [China Daily: Major Guangdong state hospital goes private](#)
- [China Daily: Beijing legislators urge more health spending](#)
- [China Daily: Rural poverty declines, urban poverty rises](#)
- [South Morning Post: Official sounds alarm over high rate of birth defects](#)
- [Xinhua via BBC: China hails role of NGO in health and population issues](#)
- [Xinhua via BBC: China reports urban poverty a rising concern](#)
- [Xinhua via BBC: China releases first social security white paper](#)
- [China Daily: UNICEF and China jointly fight vitamin and mineral deficiency in children](#)
- [Xinhua: China has 4.5 million TB patients](#)
- [South Morning Post: China short of psychologist](#)
- [Asian Wall Street Journal: China's life insurers prep for a fight](#)
- [Dow Jones: ING China life insurance JV gets Beijing branch approval](#)

Note: Below are selected results from PubMed using EndNotes (search terms: 2004/09/01:2004/09/30, China)

[Back to top](#)

** (2004). "China must prioritise health opportunities for all." [Lancet](#) **364**(9438): 909-10.

Full-text : 

** Anson, O. (2004). "Utilization of maternal care in rural HeBei Province, the People's Republic of China: individual and structural characteristics." *Health Policy* **70**(2): 197-206.

Purpose: To study the effect of individual's socio-economic characteristics and the structure of the health services in the village on utilization of maternal care in rural HeBei, the People's Republic of China (PRC). Data: Data were collected from 4273 women who gave birth to one child at least, living in a stratified sample of 288 villages in HeBei Province. Findings: 54.8% of the women had at least one pre-natal care visit, 27.5% gave birth in a health care facility, and 18.1% had post-natal check-up. Utilization was inversely related to age and parity and positively to education. Occupation was related to use of pre- and post-natal services, but not to home birth. Per-capita income and living arrangement are not related to utilization. MCH worker in the village promote pre- and post-natal care, but also home delivery. Village doctors promote pre-natal care and hospital delivery but do not promote post-natal check-up. Women tend to avoid the maternal services in the township health centers but some are ready to travel to city hospitals for delivery and post-natal care. Conclusions: Health education programs regarding the importance of all three maternal care services are clearly needed. These programs should address not only women of child bearing age but also care providers, MCH workers in particular. Township health center should reach-out and motivate women to use their accessible services.

** Chen, X., X. Li, et al. (2004). "Cigarette smoking among rural-to-urban migrants in Beijing, China." *Prev Med* **39**(4): 666-73.

Background. Tobacco use remains a substantial public health challenge in China. The rapidly growing rural-to-urban migrant population currently numbering approximately 121 million individuals may be especially vulnerable to tobacco use. Methods. Cigarette smoking levels and associated factors were examined among 2,201 subjects using cross-sectional data from the Migrant Health Behavior Survey (MHBS), conducted in 2002, Beijing, China. Results. Respondents (39.3% females) were 18-30 years old with a mean age of 22.7 years; 77.3% were single and 35.6% had at least attended high school for education. Migrants reported an average of 4 years of migratory experience; 28.8% had worked in at least three cities and 36.8 had held at least four jobs. Males (51.7%) and females (10.9%) reported 30-day cigarette use. Smoking levels were positively associated with age, education, income, migration years, number of cities in which the migrants had worked, living in rental properties, and number of jobs held. Smoking levels were negatively associated with job and life satisfaction and living with relatives in Beijing. Smoking levels were not associated with marital status. Conclusions. Female migrants had disproportionately high rate of cigarette smoking. Several conditions and experiences common to the migratory lifestyle were associated with increased levels of smoking. Tobacco control measures are needed to protect migrant populations in China.

** Pei, L., P. Stanton, et al. (2004). "Improving human resource management in Chinese healthcare: identifying the obstacles to change." *Aust Health Rev* **27**(1): 124-30.

Health sector reform in China has led to increasing responsibility for hospital managers in the management of staff; but constraints continue. New personnel reforms offer new opportunities but face a number of difficulties. Drawing on research in Chinese hospitals in 1997 this paper identifies two major obstacles to improved human resource management: wage policy and lack of control by local managers over staffing.

** Tolhurst, R., T. Zhang, et al. (2004). "Factors affecting the implementation of health legislation and its impact on the rural poor in China: a case study of implementation of the maternal and infant health care law in two poor counties." *Int J Health Plann Manage* **19**(3): 247-65.

This paper presents and discusses a case study of health legislation in China. In the transition to a market economy, legislation has been developed to offset the weakening in the central planning mechanism and political control that have historically influenced the behaviour of institutions and individuals in the Ministry of Health. There has been relatively little empirical examination of the implementation and impact of legislation as a tool for influencing health service provision in low-income countries. The study aimed to contribute towards filling this gap by exploring the factors affecting the implementation and impact of the Maternal and Infant Health Care Law, through a case study of two poor, rural counties in Chongqing municipality, China. The

study found that key local actors perceive health legislation to be an important tool for safeguarding access to essential health care. However, the implementation of health legislation is inevitably a political process. The study illustrates the difficulties involved in efforts to influence provider behaviour through a national level legislative framework in a situation of decentralization of control over those providers, due to extreme regional variation in economic situations and limited resource inputs from the centre. Lessons are drawn for Chinese and international policy makers.

Below are selected search results from EconLit using EconLit Advanced Search (search terms: China, 2004, rank by date)

** Yueh, L. Y. (2004). "Wage Reforms in China during the 1990s." Asian Economic Journal **18**(2): 149-64.

In urban areas of China, economic reforms were intensely implemented after 1984. We focus on two primary aspects of the reforms in the 1990s, those pertaining to the labor market and to wages. Based on original interviews and two unique household data sets, we investigate the effects of the reforms. Our first finding is that the components of annual income have changed, reflecting fewer subsidies and more diverse sources of income (such as self-employment), over the period from 1995 to 1999. By 1999, the wage structure reflects less seniority-based pay, allows for more discretion in rewarding non-productive characteristics (gender and Communist Party membership, for example) and also permits more productivity-related pay (as evidenced by increased returns to human capital).

[Back to top](#)

Note: Below are selected results from Social Science Citation using EndNotes (search terms: 2004, China, health)

** Beland, D. and K. M. Yu (2004). "A long financial march: Pension reform in China." Journal of Social Policy **33**: 267-288.

In the context of rapid economic and demographic change, the People's Republic of China has attempted to reshape its public pension system. Although China's current pension system has drawn the attention of many policy analysts, no theoretically informed account on the politics of Chinese pension reform has yet been published. Grounded in a broad institutionalist perspective, this contribution analyses contemporary pension politics in China through the interplay of four main factors: (1) decentralisation and limited administrative capacity, which make it difficult to rationalise and transform the existing pension system; (2) feedback effects from previously enacted pension schemes that further complicate policy change; (3) liberalisation and economic reforms, which have created 'vested interests' in the newly established private sector, but which have lacked the strength to generate a mature financial system; (4) finally, the apparent dominance of the neo-liberal financial paradigm commonly associated with the World Bank. While this financial paradigm favours the adoption of new reform proposals, the economic and institutional factors mentioned above complicate their implementation.

** Li, J., S. K. Guttikunda, et al. (2004). "Quantifying the human health benefits of curbing air pollution in Shanghai." Journal of Environmental Management **70**(1): 49-62.

Urban development in the mega-cities of Asia has caused detrimental effects on the human health of its inhabitants through air pollution. However, averting these health damages by investing in clean energy and industrial technologies and measures can be expensive. Many cities do not have the capital to make such investments or may prefer to invest that capital elsewhere. In this article, we examine the city of Shanghai, China, and perform an illustrative cost/benefit analysis of air pollution control. Between 1995 and 2020 we expect that Shanghai will continue to grow rapidly. Increased demands for energy will cause increased use of fossil fuels and increased emissions of air pollutants. In this work, we examine emissions of particles smaller

than 10 µm in diameter (PM10), which have been associated with inhalation health effects. We hypothesize the establishment of a new technology strategy for coal-fired power generation after 2010 and a new industrial coal-use policy. The health benefits of pollution reduction are compared with the investment costs for the new strategies. The study shows that the benefit-to-cost ratio is in the range of 1-5 for the power-sector initiative and 2-15 for the industrial-sector initiative. Thus, there appear to be considerable net benefits for these strategies, which could be very large depending on the valuation of health effects in China today and in the future. This study therefore provides economic grounds for supporting investments in air pollution control in developing cities like Shanghai. (C) 2003 Elsevier Ltd. All rights reserved.

[Back to top](#)

Note: Below are selected search results from Factiva using search builder for news dated in last 3 months. Search terms: China and health, All sources, All companies, Subject: Analysis or Audio-visual links or Commentary/opinion or Country profile or Dow Jones/Reuters Top Wire News or Economic News or Editorial or Intl Pol-Econ Organizations or Interview or Letter or News Digest or Political/General News or Review or Routine General News or Transcript, Region: China, All industries, Language: Chinese simplified or traditional or English, Sort results by: publication date, most recent first

[Back to top](#)

Chinese official inspects Ningxia, urges implementation of plenum spirit

BBCAPP0020040927e09r002xl

1261 Words

27 September 2004

11: 38 GMT

BBC Monitoring Asia Pacific

English

(c) 2004 The British Broadcasting Corporation [date of publication]. All Rights Reserved. No material may be reproduced except with the express permission of The British Broadcasting Corporation.

Politburo member Huang Ju inspected the Ningxia Hui Autonomous Region during 23-25 September. Huang's themes were the study and implementation of the Decision of the recently concluded party plenum and economic policy, with reference to macroeconomic regulation and control. Huang stressed it was necessary to continue to push forward the drive to develop the western region, and promote comprehensive, coordinated and sustainable economic and social development. Text of report by Zhao Cheng: "During inspection tour of Ningxia, Huang Ju stresses need to earnestly study, implement fourth plenum spirit, promote rapid, good development of western region", carried by official Chinese news agency Xinhua (New China News Agency)

Beijing, 25 September: During a recent inspection tour of the Ningxia Hui Autonomous Region, Huang Ju, member of the Standing Committee of the Political Bureau of the CCP [Chinese Communist Party] Central Committee and vice-premier of the State Council, stressed that it is necessary to earnestly study and implement the spirit of the Fourth Plenum of the 16th CCP Central Committee; establish and implement the concept of scientific development; seize the opportunity of developing the western region to deepen reform of the economic system, accelerate adjustment of the economic structure, and conscientiously change the mode of growth; and

promote comprehensive, coordinated, and sustainable economic and social development.

From 23 to 25 September, accompanied by Chen Jianguo, secretary of the Ningxia Hui Autonomous Regional CCP Committee, and Ma Qizhi, chairman of the autonomous regional government, Huang Ju successively inspected the Ningxia Qiyuan Pharmaceutical Corporation, Yinchuan Jiatong Tyre Corporation, Yangchangwan Coal Mine, and the power industrial project, which is under construction, as well as Yinchuan City's labour market and Yinchuan City's Daxin Township Rural Cooperative, to find out the conditions of studying and implementing the spirit of the Fourth Plenum of the 16th CCP Central Committee, implementing the policies and measures of macroeconomic regulation and control, and carrying out well various other work in Ningxia, such as the current economic operations, development of the western region, employment, and social security. He also had an extensive exchange of views with a large number of cadres and people on various issues, such as how to better serve the development of the western region, do a good job of the mass work, and maintain ethnic solidarity and social stability.

When listening to work reports given by the Ningxia Hui Autonomous Regional CCP Committee and government, Huang Ju fully affirmed Ningxia's achievements in economic and social development, as well as the good state of mind displayed by the vast numbers of cadres and people in developing the western region. He pointed out that the Fourth Plenum of the 16th CCP Central Committee, which has just ended, is a very important meeting in the history of our party. Building up the party's governing capability is the requirement of the times and the people and is the fundamental guarantee for the party to lead the people of all ethnic groups across the country to achieve the three major historic tasks in the new stage of the new century. All party comrades and, in particular, leading cadres, should earnestly study the fourth plenum documents, profoundly grasp the plenum spirit, deepen their understanding, pay special attention to implementation, and integrate efforts to build up the party's governing capability with efforts to do a good job of the present work and to enhance the governing capability and quality of leading groups and leading cadres in this region. We should centre on the tasks set by the plenum, continually study new conditions, solve new problems, establish new mechanisms, and develop new capabilities to make the party's principle of governance more perfect, the system of governance sounder, the way of governance more scientific, and the basis of governance more secured and strive for the building of a well-off society [Chinese: xiao kang she hui] in an all-round way.

Huang Ju stressed that it is necessary to fully act on the requirements of the scientific development concept, persist in taking a new path to industrialization, continue to push forward the development of the western region, and promote comprehensive, coordinated and sustainable economic and social development. To develop in a comprehensive, coordinated, and sustainable manner, the prerequisite is development, the focus is coordination, and the key is doing a good job of implementation in light of the realities in various localities. It is necessary, in line with the central requirements and plans, to strengthen agriculture, forestry, water conservancy, science and technology, education, medical and health work, and ecological environment, as well as communication, energy, and other infrastructure projects that must be urgently strengthened, to improve, once and for all, the conditions of economic and social development in the western region as quickly as possible. It is necessary to bring into full play the western region's advantages in

such resources as agriculture, animal husbandry, and energy, and vigorously develop competitive industries and economic activities with local characteristics. Ningxia should continue to implement the central policies and measures in support of agricultural and grain production, stabilize and increase grain production, and bring into play its role as a commodity grain base; make overall planning for the development and utilization of energy, focus on key projects and comprehensive development, and strive to turn itself into an important base of energy and chemical industry in the northwestern region. It should do a better job in returning large tracks of cultivated land to forests and pastures and prohibiting cattle or sheep grazing by closing off hills and fencing pastures to conscientiously do a good job of ecological and environmental construction. It should rational exploit and utilize water, land, mines, and other natural resources and vigorously develop the cyclical economy.

Huang Ju pointed out that strengthening and improving macroeconomic regulation and control is a major measure for carrying out the scientific development concept at present. We should continue to do a good job in implementing various macroeconomic regulation and control policies and measures and, in light of the realities, deal with each case on its merits, developing some industries while suppressing some others. It is necessary to place the focal point of the future work on reforming the system, adjusting the structure, and changing the mode of growth, raise the efficiency of the capital used, attach importance to project quality, and bring scope to local advantages to bring the economy onto the track of long-term virtuous circle.

Huang Ju said: As the national day is drawing near, we should care for the production and livelihood of the masses. We should intensively do a good job of the mass work, consolidate and develop the excellent situation marked by ethnic solidarity and social stability. We should adhere to and improve regional national autonomy, fully act on the party's policy on ethnic and religious affairs, further consolidate and develop the socialist ethnic relationships marked by equality, solidarity, and mutual help, and correctly handle the relationships between reform, development, and stability. We should do a better job of employment, reemployment, and social security work, and conscientiously protect the interests of the masses. He encouraged the vast numbers of cadres and people in Ningxia to blaze new trails in a pioneering spirit and work with stamina and diligence and, under the leadership of the party Central Committee with Comrade Hu Jintao as the general secretary, promote comprehensive, coordinated, and sustainable economic and social development.

Source: Xinhua news agency domestic service, Beijing, in Chinese 1121 gmt 25 Sep 04

[Back to top](#)

China Lung Cancer Rate Soars; State Blames Smoking, Smog

DJI0000020040927e09r0009j

208 Words

27 September 2004

07:15 GMT

Dow Jones International News

English

(c) 2004 Dow Jones & Company, Inc.

SHANGHAI (AP)--China is seeing a rapid increase in lung cancer cases, a trend blamed largely on high rates of smoking, but also on air pollution, state media reported Monday.

The number of lung cancer patients is expected to rise to as high as 500,000 by 2005, the official Xinhua News Agency reported, citing a survey by the Health Ministry's Office of Cancer Prevention and Treatment. Of that number, up to 330,000 would be male, it said.

Details of the survey, presented at a conference on cancer in the southern city of Nanjing, were not immediately available.

However, statistics from the International Agency for Research on Cancer show China had an estimated 230,360 male lung cancer cases in 2000.

About 40% of all new lung cancer cases diagnosed worldwide each year are in China, a trend experts say is related to high rates of smoking and pollution.

The country is the world's biggest tobacco producer and has about 350 million smokers - almost one-third of the world total.

Several of China's biggest cities report smog bad enough to be as great a risk factor for cancer as heavy smoking. [27-09-04 0715GMT]

[Back to top](#)

Chinese party document says development top priority

BBCAPP0020040926e09q001xh

659 Words

26 September 2004

12:14 GMT

BBC Monitoring Asia Pacific

English

(c) 2004 The British Broadcasting Corporation [date of publication]. All Rights Reserved. No material may be reproduced except with the express permission of The British Broadcasting Corporation.

Text of report in English by official Chinese news agency Xinhua (New China News Agency)

Beijing, 26 September: The Chinese Communist Party (CCP) will continue to take economic development as the top priority in governing the country and rejuvenating the nation, says a document on improving the governance capability of the Party.

"We must persist in making development the top priority in governing the country and rejuvenating the nation and constantly improve the party's capability in running the socialist market economy," says a decision on enhancing the party's governing capabilities, which was made public Sunday [26 September].

The decision, adopted on 19 September at the fourth plenum of the 16th CCP Central Committee, says the foremost task in the capacity building is to improve the party's capability to lead the development cause.

The Party should firmly establish the strategic principle of seizing the opportunities to accelerate development and unswervingly persist in the central task of economic construction, it says.

The overall idea and major strategies for China's development up to the year 2020 must be established in a scientific way and study must be accelerated on the formation of medium-and long-term plans for national economic and social development, it says.

The Party will adhere to the scientific concept of development that emphasizes putting people first and comprehensive, coordinated and sustainable development, so as to better push forward economic and social development.

An effective system to carry out the scientific concept of development should be established, along with a system to evaluate economic and social development that embodies the requirement of the concept.

In formulating guiding principles and policies, attention should be paid to strengthening the weak links, particularly to addressing the issues concerning agriculture, rural areas and farmers.

The documents also calls for efforts to implement the strategies to develop the western region, invigorate the old industrial bases in the northeast and promote the rise of the central region, while helping old revolutionary bases, areas inhabited by ethnic minorities, border areas and other less developed areas to accelerate development.

Attention should also be paid to expanding employment and re-employment and improving the social security system, while promoting the development of education, science and technology, culture, health, sports and other social undertakings, as well as family planning, resource conservation, environmental protection and production safety.

The Party must adhere to the direction of socialist market economic reform and resolutely remove all concepts and inappropriate mechanisms that obstruct development, the document says.

The Party should correctly handle the relationship between keeping public ownership as the mainstay of the economy and promoting the development of the non-public sector, firmly consolidate and develop public ownership and encourage the state-owned economy to play the dominant role, while unswervingly encouraging, supporting and guiding the development of the private sector so that they could promote and benefit each other.

The document says the party encourages certain regions and people to get rich first, and pays attention to social fairness while taking measures to address the excessively wide income gap among different regions and different groups of people, so as to gradually realize common affluence of all the people.

The Party will also pay attention to properly handling the relationship between market mechanism and macro-economic control, the relationship between the

central government and local governments, and the relationship between reform, development and stability.

The document stresses that efforts should be made to uphold the basic state policy of opening to the outside world and improving the level of opening up in an all-round way.

It also urges improvement in the work style of the party in leading economic work in line with the requirements of the socialist market economy.

Party committees at various levels should support the government to fully perform its duties according to law, it says.

Source: Xinhua news agency, Beijing, in English 1030 gmt 26 Sep 04

[Back to top](#)

Foreign pharmaceutical companies ask for more new drugs to be included on China's list of medicines for the insured

SINOF00020040924e09o00005

154 Words

24 September 2004

SinoFile Information Services

English

(c) 2004 SinoFile Information Services Ltd. does not represent or endorse the accuracy or reliability of any of the information contained in this service.

Sept. 16, the State Administration of Labor and Social Security issues an updated list of medicines for ordinary people covered by the state's basic health care insurance program. Compared with the list in 2000, the new list includes 98% more ready-made Chinese medicines and 43% more Western medicines. However, no new drugs that were made available on the market between Jan. 1999 and Dec. 31, 2003 are on the list. In Beijing, Pfizer, Novartis, Xi'an Janssen, Wyeth and Roche attend a meeting, asking China to register new drugs more quickly and to include more new drugs on the list of medicines for the insured.

TRANSLATED & ABSTRACTED FROM: The Beijing News

BY: null - The Beijing News

REFERENCE: <http://www.thebeijingnews.com/news/2004-9-23/200492390437.htm>

DATE: 2004.09.23

[Back to top](#)

Chinese economy forecast to grow 8.8% in 2004: ADB

ASIFOC0020040923e09n00005

165 Words

23 September 2004

Asia in Focus

English

(c) 2004 Asia Pulse Pte Limited. Asia Pulse gives no warranty or guarantee as to the

accuracy of the information, Asia Pulse shall not be liable for errors or omissions in, or delays or interruptions to or cessation of delivery of, the data through its negligence or otherwise.

BEIJING, Sept 23 Asia in Focus - The Chinese economy is expected to grow by 8.8 per cent in 2004 and slow to 8 per cent in 2005, according to a new Asian Development Bank (ADB) report. China will succeed in cooling off an overheated economy and achieve a soft landing, according to the report.

* The Asian Development Outlook 2004 Update says the Chinese Government should continue its macroeconomic tightening measures and, in an attempt to avoid a hard landing for the economy, encourage investment and growth in lagging sectors like agriculture, small and medium enterprises, the private sector, health and education.

* The large amount of construction in progress means that growth in investment will remain high at 25 per cent this year and 21 per cent in 2005.

SUMMARY

Chinese economy set to grow by 8.8% in 2004 and slow to 8% in 2005, according to Asian Development Bank report

ASIA IN FOCUS

[Back to top](#)

China suspends price cuts for self-developed medicines

SINOF00020040922e09m00007

170 Words

22 September 2004

SinoFile Information Services

English

(c) 2004 SinoFile Information Services Ltd. does not represent or endorse the accuracy or reliability of any of the information contained in this service.

Sept. 16, the State Administration of Labor and Social Security issues an updated list of medicines for ordinary people covered by the state's basic health care insurance program. Compared with the list in 2000, the new list includes 98% more ready-made Chinese medicines and 43% more Western medicines. The State Development and Reform Commission has cut the prices of some self-developed medicines for which patents have run out in China. However, the commission has not enforced its new price ceilings because of the release of the updated list. In addition, the RDPAC, composed of several multinational pharmaceutical companies, is trying to communicate with the government to gain policy support for foreign self-developed drugs. The market share for these drugs in China has fallen from 53% in 1998 to 33% in 2003.

TRANSLATED & ABSTRACTED FROM: Information Times

BY: null - Information Times

REFERENCE: <http://informationtimes.dayoo.com/gb/content/2004->

DATE: 2004.09.21

Free TB care plan for mainland poor; 100m yuan cash injection aims to fight killer disease in rural areas

SCMP000020040917e09i0002p

FT

Eva Woo and Irene Wang

379 Words

18 September 2004

South China Morning Post

4

English

(c) 2004 South China Morning Post Publishers Limited, Hong Kong. All rights reserved.

The national budget for fighting tuberculosis (TB) will be raised significantly this year, to provide free treatment for the poor, according to a health official.

China had been investing 40 million yuan annually in its fight against tuberculosis in the past few years from 2001, Dr Yu said in Shanghai.

"Over 80 per cent of China's tuberculosis patients live in rural areas, particularly in poverty-stricken places where TB is [causing further poverty]," he said.

China has 4.5 million TB sufferers, the second-largest tuberculosis population in the world, Ministry of Health research shows.

In recent efforts to rein in the endemic disease across the nation, the central government is encouraging village and community doctors to monitor tuberculosis. It was offering a reward for each correctly reported case.

Vice-minister of Health Wang Longde said on Tuesday that the authorities hoped to raise the detection rate of TB cases by setting aside a special fund to reward local doctors.

The so-called "barefoot doctors" in rural areas are playing an important role for early detection of TB patients and they should be better motivated to raise the detection rate of cases, according to Liu Xiaoqiu, an expert at the China Centre for Disease Control and Prevention's TB centre.

He also said prevention, and the treatment of TB patients, required a big investment in personnel.

Official figures show that the mainland has 1.45 million new infectious cases and 130,000 die each year. The airborne disease is killing more people in the country than any other infectious diseases.

Without preventive measures, a TB carrier could infect between 10 and 15 people in

one year and the mainland could have 20 million to 30 million more patients in the coming decade, according to Mr Wang.

The WHO urges all member countries in the west Pacific region, including the mainland, to raise case detection rates to 70 per cent by next year. China's detection rate was 45 per cent last year.

WHO officials said the mainland "still has significant work to do" if it is to meet the 70 per cent target.

[Back to top](#)

First special insurance company for farmers opens in China's Shanghai

BBCAPP0020040918e09i000xf

590 Words

18 September 2004

10:34 GMT

BBC Monitoring Asia Pacific

English

(c) 2004 The British Broadcasting Corporation [date of publication]. All Rights Reserved. No material may be reproduced except with the express permission of The British Broadcasting Corporation.

Text of report in English by official Chinese news agency Xinhua (New China News Agency)

Shanghai, 18 September: After insurance enters China for more than a century, Shanghai Anxin Agricultural Insurance Co Ltd (SAAIC), the first of its kind specially providing service for farmers, was established in the east China's metropolis Friday [17 September]. With a registered capital of 208m yuan (25m US dollars), the SAAIC focuses its business scope on planting and breeding industries, said Zhou Guowei, deputy manager-general of SAAIC.

More than 200,000 poultry farmers in Shanghai became the first group of beneficiaries as the Municipal Animal Husbandry Office bought insurance for their some 150m poultry. "I never expect this happen to me one day - my chickens were insured and the government paid for this. I will no longer be afraid of the bird flu," said Zhou Xueming, taking over the insurance policy form from the officers with the municipal animal husbandry office. According to the insurance contract, this 60-year-old farmer will enjoy a compensation, which accounts for 30 per cent of his loss in any accidental disaster.

Statistics from the Ministry of the Civil Affairs shows natural disasters brings China an annual economic loss above 100bn yuan (12bn US dollars), with more than 200 million people affected. Some 900 million farmers of this world's most populated country, who rely more on the nature, are usually the major victims of the catastrophes.

China has resumed agricultural insurance since 1982. Insurance companies enjoy a governmental subsidy for the insurance premium when providing insurance for planting and breeding industry. Even though, however, few insurance companies have set foot in the business in these fields because of high risk and little profit.

Statistics from the China Insurance Regulatory Commission (CIRC) showed that in 2003, the income from agricultural insurance in China was 460m yuan (55m US dollars), only accounting for 0.5 per cent of the country's total premium from property insurance. At the same time, most of the farmers are able to afford the expense for a regular property insurance and have to wait for the limited relief found from the government after a natural disaster.

"As an active experiment to resolve all these problems, the establishment of SAAIC is a milestone in the development of China's insurance industry," said Zhou Yanli, chairman-assistant of the CIRC. Local government will buy a "basic insurance" for farmers. For example, in Shanghai, once a disaster happens, all the farmers engaged in rice-growing, pig or cow farming and freshwater aquaculture will be compensated with 35 per cent of their loss and for those planting wheat, vegetables, trees and breeding poultry, the amends is 30 per cent, said Zhou Yanli. "Besides, if the farmers buy a supplementary property insurance themselves, they will get a full compensation for their loss," he said.

The SAAIC also provide farmers with agriculture-related property insurance, short-term personal accident insurance and health insurance. "Through selling these insurance with higher profit, we are able to deal with the possible loss caused by the major business," said Zhou Weiguo.

Besides the SAAIC, the CIRC has also approved the establishment of another agricultural issuance company in northeastern Jilin Province, a major crop production base in China and more pilot projects have been launched in provinces and autonomous regions of Sichuan, Heilongjiang, Zhejiang, Xinjiang and Inner Mongolia, said Zhou Yanli.

Source: Xinhua news agency, Beijing, in English 0701 gmt 18 Sep 04

[Back to top](#)

China to increase input in tuberculosis control

XNEWS00020040917e09h003bk

439 Words

17 September 2004

Xinhua News Agency

English

(c) Copyright 2004 Xinhua News Agency

SHANGHAI, Sept. 17 (Xinhua) -- China is planning to increase funding for tuberculosis control and provide free treatment to the poor.

"In the following several years, the budget for tuberculosis is expected to exceed 100 million yuan," Yu Jingjin, a senior official of the Chinese Health Ministry said here Friday at the 55th session of the World Health Organization (WHO) Regional Committee of the Western Pacific.

China is one of 22 countries with the highest number of tuberculosis cases. Currently, the country has about 4.5 million people suffering from the disease. Nearly 130,000 people die of tuberculosis each year. The WHO estimated that each year China has 1.45 million new tuberculosis cases, among which 650,000 are highly

infectious.

"More than eighty percent of China's tuberculosis patients are living in rural areas, especially in the poor areas, and many of them can't afford proper medical treatment," Yu said.

China has earmarked 40 million yuan (about 4.8 million US dollars) every year since 2001 to provide free medicine to pulmonary tuberculosis patients among migrant workers and the rural poor.

"In the following years, the budget for TB control and prevention is expected to be increased significantly," he said.

Yu said China's goal is to have nationwide access to the WHO recommended TB control strategy, which has a 90 percent recovery rate and a 70 percent detection rate. China's recovery rate with

the method has been more than 90 percent since 1994 and, at the end of 2003, 85 percent of China used the method.

"The difficult area is in the case detection rate," Yu said. In 2003, the tuberculosis detection rate in China was 45 percent, still far lower than the 70 percent target. Statistics from the WHO showed that among all the estimated two million tuberculosis patients in the Western Pacific Region, there were only 806,460 reported cases.

"The overall case detection rate in the region is 39 percent. It is estimated that, in order to close the gap and reach the 70 percent target, an additional 285,000 TB cases must be detected. About 90 percent need to be identified in China," Shigeru Omi, regional director of the WHO Western Pacific Region said in the report at the session.

In order to secure the national target in 2005, Yu said China has intensified the TB control measures, including putting more phlegm check positions and tracing patients through the nationwide computer-based disease reporting network.

"With all the measures and efforts, I believe the 70 percent target will be reached by 2005," Yu said.

[Back to top](#)

China Discovers the Couch; Stressed by rapid social change, the nation turns to psychology. The challenge is to adapt Western therapy to an Eastern culture.

LATM000020040917e09h00066

Main News; Foreign Desk

Ralph Frammolino

Times Staff Writer

2038 Words

17 September 2004

Los Angeles Times

Home Edition

A-1

English

Copyright 2004 The Los Angeles Times

BEIJING

Step back, Confucius. Move over, Mao. Dr. Freud is making the rounds.

Once vilified by the Communists as a remnant of bourgeois imperialism, the practice of psychology -- and especially the Western ritual of going to a therapist -- is gaining popularity in this land of budding capitalists.

China's newfound fascination with the subconscious comes amid wrenching social changes that are reshaping a nation steeped in values of self-reliance and self-discipline. As this country accelerates from a planned economy to a free-market system, people are feeling the shock of increased competitiveness, elevated stress levels and the dawning recognition that an awful lot of folks just aren't happy.

"Everything's changing, including people's behavior, customs and beliefs," said Zhang Kan, president of the Chinese Psychological Society. "Some people want to keep the traditions, but it is not possible. Maybe you can keep what's essential, but you have to change to fit in the world."

Now, it seems, China is shrinking to fit.

Those within psychology circles say a growing number of the burgeoning middle class, armed with Internet access and images of therapy from movies such as the Hong Kong blockbuster "Infernal Affairs," are seeking professional help to soothe their angst.

The sales of Prozac in China have nearly doubled in four years, said an Eli Lilly & Co. spokesman.

One-third of those polled in a recent nationwide survey said they felt frustrated, angry or listless. Suicide is now the leading cause of death among young adults. Divorce, while still a modest 16% by some figures, is rising.

The demand for help has government officials scrambling to seize control of a therapy industry that has sprung up virtually overnight and includes many self-styled counselors trying to make a quick buck.

Meanwhile, universities are adding psychology departments, hoping to keep pace with a surge of students who now see the human mind as a career gold mine. The number of university psychology departments and the figure for grad students have doubled over the last five years -- to 40 and 4,000, respectively, according to professional sources.

They're entering a growth market.

Zhang, a 33-year-old radio station employee who gave only his family name, said he had "no concept" of what therapy was all about when he contacted a Beijing therapist via the Internet a year ago.

Now, after intense counseling, his troubled marriage is healing and he describes the

talking cure like a pro.

"It is a process during which a therapist and client communicate with each other, and through that communication they can discover problems under the surface," said Zhang, who is not related to the psychological society president.

The vast majority of Chinese, however, are not so ready to swap Confucius for the couch.

In a land where 70% of the people are peasants, most are too busy eking out a living to worry about emotional fulfillment. And if they did, what with an average per capita annual income of \$1,000, many couldn't afford the \$20 to \$100 an hour therapists here charge.

Even those who can afford it are put off by the fact that the Chinese word for psychologist means "heart-reason consultant," implying that a client who comes to see one has something wrong with his or her mind.

And if Chinese get past that, they are uncomfortable with an approach that often calls for exploring family skeletons or divulging secrets to a stranger. That's far removed from the Confucian tradition of venerating ancestors and, above all, saving face.

"Chinese people are taught this way," a local businessman, who declined to give his name, said as he relaxed recently in Beijing's popular Lotus Lane bar district. "If you have any problems, you go to your parents. And if your parents can't help you, you bear them yourself."

During Mao Tse-tung's 1966-76 Cultural Revolution, political ideologues attacked psychology as a "pseudoscience" of capitalist expansionists. Hard-liners shut down human behavior research, destroyed psychology libraries and forced human behavior researchers to perform manual labor, such as raising pigs.

Yet the post-Mao economic reforms initiated 25 years ago unleashed social forces that have splintered China into a class-based society, and left both the haves and have-nots struggling with immense change.

Layoffs. More demands at work. Less time for friends or family. Pressure to keep up with the Fangs.

"If the rich are getting richer and the poor getting poorer and you tell people, 'Don't envy rich people,' it won't work," said Wang Kegiang, a therapist in Dalian, a coastal city 290 miles southeast of Beijing. "People still feel unbalanced.

"Besides that are all the problems of corruption and the pressure of educating children and unemployment," he said. "All of these problems are causing instability in China, in the society."

For many Chinese, the most troubling sign of increasing instability has been a parade of news stories unheard of in years past. Overwrought college students pour acid on

zoo animals, kill roommates with a hammer and step in front of trains.

The Education Ministry has responded by working on a psychological screening test for incoming university freshmen, and in April 2003, the Ministry of Labor and Social Security issued the country's first professional standards for therapists. Within eight months, it licensed 2,600 psychologists, according to a statement issued by the ministry.

"Psychological problems have become a major challenge to people's mental health and an important reason for social instability," the statement said. "And psychotherapy can help people solve their psychological problems using scientific ways and methods."

Training in those methods and ways still lags far behind the West, though. Prospective therapists can sit for the licensing exam after 720 hours of study and practice, say those in the field. That compares with a minimum of a master's degree in psychology and 3,000 hours of supervised experience to practice in California.

But it's a start, many say, and the regulations will be tightened as the government continues to weed out self-styled shrinks who "rip people off," one government official said.

"Many people are doing this because it is a moneymaking market," said Li Yanyan, who works at the government's Research Institute of China Standardization, which is reviewing the therapist regulations for final approval.

Legitimate therapists such as Wang, in Dalian, attest to the growing demand. An educator for 30 years, Wang is typical of China's first wave of therapists, many of whom are doctors or teachers and work in the field part time.

Wang said he sees clients for 25 hours a week and has tracked demand for his services by the prices they are willing to pay. He doubled his fee to \$73 an hour, and "still people have to make appointments and can't get the time" from me.

Some parents, he added, willingly pay up to \$240 an hour to send their child for help with anxiety before a crucial school exam -- a kind of therapeutic doting that he and others said stems from the government's one-child family policy.

Enacted in the 1970s, the policy has spawned a wave of youngsters and young adults who have become a core constituency for therapy. Referred to as "little emperors and empresses," many lack the social skills to cope in an increasingly competitive world as they enter college or the workplace.

"Most of my clients are well-educated. They have money. They need attention. They need people to hear, to listen," said Bi Jinyi, a Beijing therapist with a popular website.

"They have to be strong in front of the people they know, but they are weak inside," Bi said. "Most of them need to be told: 'You have no problems! Cut it out! Get to

work!' "

Bi -- who specializes in "love, marriage, divorce and sex" issues -- has a master's degree in psychology and tends to clients during evenings and on weekends, after hours from her regular job as a senior non-weaponry purchasing agent for the military.

One-third of her clients, she said, need about four sessions to solve their problems. The rest take longer to deal with meatier issues, such as domestic abuse, or attend group counseling sessions, including a relatively new one on road rage.

Because there's no Chinese phrase for the condition, Bi calls her gathering the "I-am-so-angry-with-somebody-in-my-way" group. She teaches group members how to control their anger through breathing and visualization. Membership, she said, has swelled each time she has held the five-week session, and at last count was 19.

"It's quite popular, you know," she said.

Psychologists in general have become more popular in China in part because of the 2003 outbreak of severe acute respiratory syndrome. To help calm a worried public, they left their offices and took to the airwaves, ran hotlines and visited patients, families and medical personnel in hospitals.

Even as their prominence grows, however, Chinese psychologists find they aren't completely content themselves. They want more than a warmed-over version of Freud or other Western therapies to use in a culture with an Eastern take on life.

As a result, the government-funded Institute of Psychology, part of the Chinese Academy of Sciences, is conducting research to come up with guidelines showing what constitutes good mental health in this country.

Researchers have also given an Asian twist to the Minnesota Multiphasic Personality Inventory, a widely used psychological assessment test.

Psychologists such as Wang Dengfeng say the bigger challenge is to create a new brand of therapy that suits Chinese sensibilities and culture.

"Personality is the basis for psychotherapy," said Wang, a Peking University psychology professor. "But the Western personality theory cannot fit the Chinese people and the Chinese culture. People in different cultures think and act differently."

Wang, who has studied Chinese personality for 20 years, cited as an example a person who takes risks. In Western personality theory, he would be considered an extrovert, which is a positive thing.

But the Chinese would see that person as driven by intense emotion, not a good thing. "The Chinese think: This is not a careful man," he said.

Despite such cultural differences, the kind of talk therapy pioneered by Sigmund Freud more than 100 years ago seems to be a good enough fit for some in this post-

Mao society. Case in point: Zhang, the radio station employee.

Zhang said he decided to look into therapy when he began suffering from a mysterious illness that medical doctors couldn't diagnose.

He made contact with Bi, the Beijing therapist, and the two began weekly chats.

Eventually, Bi said, she discovered the cause of his ailment: unresolved guilt from an extramarital affair. Zhang had taken up with another woman because he was angry that his wife's personality soured after marriage.

"He wanted the affair to show, hey, you've got to respect me," Bi said. "But after the affair, he was guilty because his wife loved him deeply. So in his subconscious, he persuaded himself that there was something wrong with him. The punishment was feeling sick."

Now, after a year of therapy, Zhang has ended his affair, made amends with his wife, and the couple have a 2-month-old daughter.

Zhang said he never gave a second thought to talking to a therapist.

"I think the most important thing is that you find a correct way to solve your problems," he said, shrugging off any Confucian reluctance. "I believe that telling the truth is much better than covering it."

*

Bu Yang and Yin Lijin in The Times' Beijing Bureau contributed to this report.

PHOTO: OFFERING HELP: Bi Jinyi, a Beijing therapist with a popular website, says of most of her clients: "They have to be strong in front of the people they know, but they are weak inside.";PHOTOGRAPHER: Cherilyn Parsons For The Times

[Back to top](#)

China's health care time bomb

SCMP000020040915e09g0004a

FT

671 Words

16 September 2004

South China Morning Post

15

English

(c) 2004 South China Morning Post Publishers Limited, Hong Kong. All rights reserved.

On March 30, an ambulance sped away from a hospital in Nanjiang county, Sichuan province. Twenty minutes later, it stopped on a deserted road. Four medics carried out a woman, barely alive, on a stretcher. With a heave, they dumped the patient on the ground and climbed back into the vehicle, which sped away. The next day, travellers discovered the body.

On July 29 last year, the sirens of an ambulance drew the attention of a few homeless men scavenging through a rubbish site near Baotou, in Inner Mongolia. As they watched, the vehicle stopped and a patient was dumped next to the pile of waste, left for dead.

These are not scenes from a gangland movie. The hospitals simply wanted to be rid of the destitute patients who had no hope of paying their medical bills. One hospital administration official admitted: "Each year we run up a few hundred thousand yuan in losses tending to those poor people. It's too bad if they can't afford the medicine. But we are not a charity."

That may be true, but in China the reality is that medical care is far too costly for most people. In 2002, China's total medical expenses came to 568.4 billion yuan (5.1 per cent of gross domestic product, compared with the US total of 14.7 per cent), or the equivalent of 442 yuan per person. Of that, government contributions dropped to 15.2 per cent, from 32 per cent in 1978, while citizens' share of the cost rose from 20.4 per cent to 58.3 per cent over the same period. Social security soaked up the rest. Also worth noting: the 500 million city residents spent 2.3 times more than the 800 million rural population on a per capita basis. To put the figures in perspective, each hospital stay costs 2,600 yuan on average, nearly 20 per cent more than a farmers' average annual income.

Often, doctors do not help matters. Since hospitals have their own pharmacies, they stand to gain by boosting sales of medicine, thus receiving "grey" kickbacks from pharmaceutical companies. There are frequent reports of scandals, such as male patients being billed for a hysterectomy. A doctor is judged as being decent if he asks whether you will be reimbursed; it determines whether he will write out an expensive prescription or not. The medical-care system is not what it used to be. In the early 1950s, China established a three-tier plan: full payouts for government officials, partial responsibility for employees of state-owned enterprises, and communal co-operatives for the rural population. As a result, the quality of medical care tapered severely: more than 60 per cent of medical resources, including doctors and hospital beds, were concentrated in major hospitals at the county level.

Fair or not, it was still some comfort to farmers who had been treated by Mao Zedong's untrained "barefoot doctors", who had questionable acupuncture skills. Costs began to rise in the mid-1990s, when Beijing reformed the system, reducing Treasury outlay to the hospitals from 100 per cent funding to a mere 6.2 per cent of a hospital's budget, on average.

While government protection shrinks, commercial insurance is equally unaffordable, and social security virtually non-existent. Hospitals are run like for-profit companies, which is just what they are. As a result, the vast majority of people have to bear the brunt of the rising costs.

If profit and loss drive hospitals to coldhearted manslaughter, then, so too, desperate patients can turn into killers, especially when they run out of money - and hope.

One such patient, Peng Shikuan, from Hunan province, felt cheated by his hospital. As his condition worsened, he attacked his doctor, stabbing him 46 times. Meanwhile, a farmer in Sichuan province set off a bomb in his doctor's office, blowing

himself up, along with six other people. Li Yong-yan is a China business analyst

[Back to top](#)

Army of migrant workers reshapes China

INHT000020040913e09d0000I

NEWS

Jim Yardley

The New York Times

934 Words

13 September 2004

International Herald Tribune

1R

2

English

Copyright (c) 2004 Bell & Howell Information and Learning Company. All rights reserved.

BEIJING:

Anyone who has visited China's ballooning, chaotic cities cannot help but notice the construction cranes. It is not unheard of to count 50 cranes, maybe more, rising between new concrete apartment towers or thickets of half-built skyscrapers. They twist in the twilight haze like enormous insects.

Less obvious are the armies of migrant workers toiling below: the soot-faced men in yellow hard hats pouring cement at infinite work sites; the farmers arriving at bus or train stations, often hundreds at a time, with possessions bundled in nylon sacks; the girls flooding out of thousands of dying villages to fill the humming factories along China's southern coast.

But it is the workers that history is likely to notice.

The tide of these migrants, surging for years yet still gathering speed, has now reached historic dimensions: China is in the midst of the largest mass migration the world has ever seen. Not that the rest of the world is paying much attention, because this migration does not involve crossing borders.

But its scale already dwarfs the migrations that reshaped America and the modern Western world. China, by official count, has 114 million migrant workers who have left rural areas, temporarily or for good, to work in cities, and that doesn't include tens of millions of family members who moved with them. Government experts predict that the number will rise to 300 million by 2020, and eventually to 500 million.

Today, Shanghai alone has three million migrant workers; by comparison, the entire Irish migration to America from 1820 to 1930 is thought to have involved perhaps 4.5 million people.

"This is the largest movement in human history," said Cheng Li, a government professor and China specialist at Hamilton College, in Clinton, New York. "It is far

bigger, and the speed is unprecedented."

For now, the government is encouraging migration to promote its immediate goal of providing cheap factory and construction labor and its long-term goal of urbanization. Every wealthy modern nation has had to shift from a rural-based economy to an urban one in order to prosper. China is trying to make this transition which involves a fifth of the world's population in record time.

How well, or poorly, the government handles this migration will determine whether these workers help create a middle-class society or just form a permanent underclass in a country that has already become sharply divided between rich and poor.

The Chinese are also trying to do it with a political system that once isolated farmers in a virtual apartheid and remains among the most oppressive in the world. Even as restraints ease, migrants often live as outcasts in cities; they lack full residency rights and are often denied basic services like schooling and health care.

In September, Zeng Peiyan, a member of China's State Council, or cabinet, announced that migrant workers at thousands of construction projects, many of which are authorized by the government, were owed \$43 billion in unpaid wages. "Some have remained unpaid for up to 10 years," he said, according to state media.

But they keep coming because poverty in the countryside is hopeless. In this way, China's migrants are like the illegal immigrants in the United States. The farmer from Ecuador who pays a trafficker to smuggle him to a job in an American chicken plant is not much different from a peasant from rural Henan Province who follows a construction boss to Shanghai.

Both are exploited and work with few legal protections. Both share crowded apartments with other migrants. But both send back much of what they earn to relatives left behind. Last year, China's migrants sent back \$45 billion. The countryside would die without it

Even as China has succeeded in lifting hundreds of millions of people out of poverty, the Asian Development Bank recently estimated that 583 million of its 1.3 billion people still live on less than \$2 a day; 203 million of those live on less than \$1 a day. Most are in the countryside.

Experts say at least 7 million to 10 million new migrants leave the farm each year, in a trend that is expected to continue. This perception of a limitless labor pool is occasionally contradicted; last month, officials in Guangdong Province, in the south, complained of worker shortages. But some analysts say the problem is not shortages but horrific conditions and unlivable wages that have caused workers to move on.

Now China's leaders face the job of providing migrants with legal protections, affordable housing, access to schooling and health care. These expensive building blocks are needed to create a real middle-class civil society. The government has started taking some small steps, but major changes will not come easily for a Communist Party rife with corruption and loath to open its political system.

There is also the challenge of keeping people employed. If China's economy slowed too much, tens of millions of migrants would be out of work. With so many more people expected to move, the economy will need to roar for a long time.

Scott Rozelle, a University of California at Davis professor specializing in China's rural economy, said much of the credit for China's prolonged growth belongs to these migrant workers.

Rural China, now home to about two-thirds of the population, may one day have barely 10 percent.

"That means about 800 million people have to move," he said. "But 150 million already have."

[Back to top](#)

Beijing to hold first economic census

HKIMAL0020040912e09d0000j

Olivia Chung

398 Words

13 September 2004

The Standard

English

Copyright 2004 Sing Tao Group. All rights reserved. No republication or redistribution is permitted without prior written approval of the Sing Tao Group.

China will conduct its first national economic census later this year, the State Council announced at the weekend.

The census will cover the manufacturing and services sectors with the data used to help develop social and economic policies and improve macroeconomic controls, Xinhua News Agency reported.

`` It is hoped the economic census will provide a good picture of the development, structure and efficiency of China's secondary and tertiary industries, as well as help build a sound enterprise database on a variety of industries," say the National Economic Census Regulations, recently signed by Premier Wen Jiabao.

Officials with the legal office of the State Council said the census is key to improving the economic structure as well as creating new jobs.

All enterprises and their industrial units, as well as all businesses in secondary and tertiary industries, will be surveyed in the census.

Industries to be covered include mining, manufacturing, power production and supply, gas and water, construction, transport, storage and mail, information flow, computer services and software, wholesale and retail, accommodation and catering, finance, property, rental and commercial services, scientific research, education, environment and public facilities, cultural and entertainment, health, social security and social welfare, as well as public administration and social organisation.

The next census will be in 2008 and thereafter every five years.

The regulations say that all related persons and businesses must fill in the economic census report.

Those who refuse, falsify or defer their reports will face administrative punishment.

``The main content of the census is about the units' nature, staff, financial situation, operation and productivity, its use of raw materials and power usage as well as its technology," the regulations say.

All data collected from individuals or enterprises will be used strictly for census purposes and ``will not be used as basis for punishment by other authorities", an official said.

MBA programme director at Hong Kong City University Chan Yan-chong said the economic census is a good way to improve the nation's data quality.

``The census is a better way to gain a clear understanding of the changes China's economy is undergoing," he said, adding that it is a tough task and will cost a lot of money.

Chan said the move did not signal reform of the mainland's controversial research methods used in its GDP calculations.

Source: The Standard.

[Back to top](#)

Guangzhou State hospital goes private

BDU0000020040910e09a0000z

541 Words

10 September 2004

Business Daily Update

English

Copyright 2004 China Daily Information Company. All rights reserved.

A major State-owned hospital in the capital of South China's Guangdong Province was purchased on Wednesday by a private conglomerate, indicating the province has taken a big step in medicare system reform.

The private company, Beijing-based Yiren Medical Group, bought the Guangzhou Petrochemical Hospital for 15 million yuan (US\$1.8 million). The hospital has operated as a State-owned institution for 26 years.

The hospital, which used to be managed and run by the Guangzhou Petrochemical Corporation, a major State-owned enterprise, was officially renamed the Guangzhou Yiren Hospital, becoming a non-profit and privately operated hospital.

The new Guangzhou Yiren Hospital will have a registered capital of 30 million yuan

(US\$3.6 million).

"The sale of the Petrochemical Hospital is a new test and will be positive for medical reform in Guangdong Province," said Liao Xinbo, deputy director of the Guangdong Provincial Bureau of Public Health.

It will also help introduce a fair and competitive market among State-owned hospitals and their privately operated, foreign-funded and joint venture counterparts in the prosperous province, Liao said.

Guangdong Province, which has taken the lead in the country's opening up drive, is planning to take bolder steps in reforming its medical management and operation system, by allowing its hospitals to become shareholding companies, foreign-funded and privately operated institutions, joint ventures, or partly shareholding companies.

And more State-owned hospitals are expected to go private or become shareholding and joint venture companies in the near future, Liao said.

The reform requires hospitals to further improve their standards of medical treatment and provide improved services, Liao said.

"Patients and local residents will surely benefit from the open and fair competition among hospitals in the future," Liao added.

The Guangdong Provincial Bureau of Public Health approved the purchase of the Yiren Medical Group on September 2. But negotiations for the deal began earlier this year.

Yiren Medical Group has decided to invest more than 450 million yuan (US\$55 million) to upgrade and expand the hospital in the next few years.

The first phase of expansion will cost 200 million yuan (US\$24 million).

It will include the construction of a new 14-storey building for outpatient and inpatient services.

And the number of beds will increase from the current 150 to more than 500 after the first phase of the expansion, which is scheduled to be completed in two years.

The hospital is also planning to invest more than 70 million yuan (US\$8 million) to purchase new and advanced medical equipment from abroad later this year.

The hospital is expected to become the largest in Guangzhou's Huangpu District.

In addition to maintaining its advantages in treating poisonings, burns and wounds from explosions and other emergencies, the hospital will pay special attention to studying, treating and curing cancer, tumours and neurological diseases.

To this end, the hospital is currently considering recruiting prestigious doctors and medical experts from around the country to further upgrade its medical treatment

capability.

The hospital will continue to offer medical services to more than 35,000 staff of the Guangzhou Petrochemical Corporation, their family members and other employees from big State-owned companies located near the hospital.

[Back to top](#)

BEIJING LEGISLATORS URGE MORE HEALTH SPENDING

CHNDLY0020040909e09a0003d

By Liu Chang

351 Words

10 September 2004

China Daily

English

Copyright 2004 China Daily Information Company. All rights reserved.

Legislators with the Beijing Municipal People's Congress yesterday urged the government to accelerate the construction of a public health system in the capital city's rural areas.

"In Miyun County, one-third of rural hospitals are unable to pay their staff's salaries unless they borrow from banks or fail to pay other bills," said Shi Bingzhong, director of the congress' Education, Science, Culture, Health and Sports Committee.

"The situation is even worse in the rural Mentougou District, where one-fifth of hospitals failed to pay staff salaries," he added.

"Although the municipal government has increased annual investment in the public health sector, grass-roots medical organizations, disease prevention and control agencies, as well as health supervision organs still lack enough financial input from the government," Shi said.

The Beijing municipal government invested 1 billion yuan (US\$120 million) in the public health sector and the traditional Chinese medicine last year, excluding spending of 1.3 billion yuan (US\$155 million) in the campaign against SARS (severe acute respiratory syndrome).

Total government investment in the public health sector this year will reach 1.4 billion yuan (US\$170 million), nearly 20 per cent more than last year, according to sources with the government.

Meanwhile, Shi pointed out that rural health facilities and personnel, especially in mountainous areas, are far behind their urban counterparts.

"Most district- and county-level disease prevention and control centres, as well as health supervision organs, do not have their own office buildings," he said.

Some share one building with other departments and some rent houses for work, according to him.

Medical facilities in townships and villages are even more underdeveloped, Shi said.

"I once saw a rural hospital in Miyun County still using equipment bought in the 1950s," he recalled.

Shi urged the Beijing municipal government to pay greater importance to rural hospitals and increase investment in them.

While pointing out problems existing in the public health system, Shi yesterday confirmed achievements has also been made by the government in this sector.

(Copyright 2001 by China Daily)

[Back to top](#)

Rural poverty declines, urban poverty rises

BDU0000020040908e09800015

455 Words

08 September 2004

Business Daily Update

English

Copyright 2004 China Daily Information Company. All rights reserved.

The past decade saw a sharp decline in number of rural poverty in China, but its urban poverty became a matter of concern, said the China Population and Development Country Report, which was released on Tuesday.

The report said the number of those living in rural poverty fell from 80 million people by the end of 1993 to 29 million in 2003, which represented a decrease from 8.7 percent of rural population to 3.1 percent.

With ongoing changes in China's economic system, problems of urban poverty are a matter of concern. In 2003, an estimated number of 22.48 million urban residents had incomes below the basic standard of living. The largest proportion of urban poor are women and children.

The investment of the central government in poverty reduction work increases annually with the result that all poverty reduction grants and funds have risen from nearly 9.8 billion yuan (US\$1.2 billion) in 1994 to some 30 billion yuan (US\$3.6 billion) or so in 2003. Similarly, local governments have concentrated more funds on poverty reduction.

Since 1995, over 10 billion yuan (US\$1.2 billion) has been invested in the nine-year compulsory education in poverty-stricken areas. During the implementation, special attention has been paid to women and children.

Since the largest part of poor people are in western regions, the Chinese government adopted a Western Development Strategy in 1998 to stimulate economic growth and poverty reduction in these regions. Funding priority is given to western regions in such items as infrastructure, protection of ecological resources and the environment

and tapping of natural resources.

An urban poverty reduction mechanism has been set up to address the issues of the poverty in China's urban areas. Urban poverty differs from rural poverty and results primarily from changes in the structure of China's economy and from resulting pressures on employment.

Several projects and systems have been initiated in urban areas, including a re-employment project, basic old age support insurance, health care insurance, unemployment insurance, on-job injury insurance for staff and workers, parental health insurance and minimum income relief for urban residents.

During the period of 1998 to 2003, the central government allocated 73.1 billion yuan (US\$8.8 billion) to ensure the basic living standard of workers laid off from State-owned enterprises, enabling 4.4 million job losers to be re-employed.

By the end of 2003, there were 103.73 million people who were covered by various types of unemployment insurance. Governments at various levels provided a total of 15.1 billion yuan (US\$1.8 billion) to subsidize a basic living standard for those in need.

[Back to top](#)

Official sounds alarm over high rate of birth defects.

SCMP000020040907e0980003n

FT

Josephine Ma in Wuhan

488 Words

08 September 2004

South China Morning Post

8

English

(c) 2004 South China Morning Post Publishers Limited, Hong Kong. All rights reserved.

About one in 20 newborns have problems - double the figure in many countries. While Beijing has succeeded in its drive to lower the population growth rate, the mainland's high percentage of birth defects - twice as high as many countries - continues to cause alarm, a senior official says.

In an address to the International Forum on Population and Development in Wuhan yesterday, Wang Guoqiang, vice-minister of the State Population and Family Planning Commission, also highlighted the sexual imbalance, the ageing population and the rapid spread of Aids as problems troubling the government.

Among newborns on the mainland, 4 to 6 per cent have birth defects, double the figure of 2 to 3 per cent in many countries, according to an official. The country's population of people with disabilities is estimated at 60 million.

Wang Zhiyong, a vice-director of the Ministry of Health, estimated that 195,000 children were born with birth defects on the mainland every year. Last year, about

1.39 million children were living with birth defects.

The commission said in a country report prepared for the conference that there were many factors at play. "There are multiple causes of birth defects, including poor nutritional practices, environmental factors, and poor antenatal and delivery care.

"Reducing the rate [of birth defects] is one of the challenges of a reproductive health [policy]," the report says.

Zhang Kaining , director of Kunming Medical College's institute for health sciences, said the actual rate could be higher, as only defects identified by simple inspections were included in the statistics.

Wang Guoqiang said there was no room for complacency even though China has reduced its annual birth rate - from 2.1 to 1.24 newborns for every 100 people between 1990 and last year. The population is still expected to grow by 8 million to 10 million people per year over the next 20 years.

Wang Zhiyong said the central government had tried to raise public awareness about birth defects through a recent education campaign. "Some cases can be blamed on genetics, but some cases are avoidable," he said.

In his comments on Aids, Wang Guoqiang said: "There are 840,000 HIV/Aids carriers, and this will eventually become a new population problem if no effective measures are taken."

Zhai Zhenwu, director of Tsinghua University's centre of population and development studies, agreed with Wang Guoqiang that the gender imbalance was a serious problem. The gap between the number of men and women is increasing by more than 1 million every year, he said. The gender imbalance could become a social problem as more men in poor regions are forced to live as bachelors.

The central government is working to reduce the sex ratio from the current level of 100 females to 118 males to 100 females to 110 males, by next year, he said.

[Back to top](#)

China hails role of NGOs on health, population issues

BBCAPP0020040907e097005ei

462 Words

07 September 2004

20:52 GMT

BBC Monitoring Asia Pacific

English

(c) 2004 The British Broadcasting Corporation [date of publication]. All Rights Reserved. No material may be reproduced except with the express permission of The British Broadcasting Corporation.

Text of report in English by official Chinese news agency Xinhua (New China News Agency)

Wuhan, 7 September: Non-government organization (NGO) has served as a platform for Chinese citizens' engagement and volunteer work in population issue, including family planning, reproductive health and gender rights. According to the China Population and Development Country Report released by National Population and Family Planning Commission Tuesday [7 September], the China Family Planning Association (CFPA) has evolved into one of the largest NGOs in China with a membership of 80 million.

The Chinese government supports the work of NGOs in the field of reproductive health and family planning, said the report. China is committed to creating favourable conditions for the civil society to participate in population and development. It encourages NGOs' involvement in policy-making, respects their autonomy and provides them with necessary funding, technology, information and guidance.

Compared with government functionaries, NGOs have a closer tie with the ordinary people and they can easily find out critical issues, thus assisting the government to improve its policies. CFPA, the China Red Cross Society and the China Association for STD/AIDS Prevention and Control, have been actively involved in education and services to promote peer education on adolescent sexual and reproductive health, and HIV/AIDS prevention and control.

They also work on the promotion of informed choice in contraceptive methods, healthy baby promotion and social marketing of condoms. The China Population Welfare Foundation (CPWF) initiated to help impoverished mothers. Their surveys and intervention activities regarding family planning and poverty alleviation have contributed to the pilot project Chinese government recently launched to provide security to some rural couples practicing family planning, who traditionally would have relied on a large family for old age support.

The China Population Association and the population research institutes affiliated with universities and academies have conducted extensive research activities to provide policy consulting and technical training for government. At the same time, increasing income in developed regions of the country have enabled Chinese individuals and private enterprises to make donations to poverty reduction, gender, and education projects in rural areas.

As a civil society factor, NGOs are still emerging in China and their activities are concentrated in urban areas but weaker in rural and impoverished areas. According to the report, the government and NGOs should work together to institutionalize a communication mechanism that increases the contribution that NGOs can make to the government policy-making. NGOs are encouraged to cooperate with organizations outside China to improve their capacity for self-development and to share with the international community the ongoing changes in reproductive health and family planning in China, according to the report.

Source: Xinhua news agency, Beijing, in English 1319 gmt 7 Sep 04

[Back to top](#)

China reports urban poverty a rising concern

BBCAPP0020040907e0970053d

483 Words
07 September 2004
20:30 GMT
BBC Monitoring Asia Pacific
English

(c) 2004 The British Broadcasting Corporation [date of publication]. All Rights Reserved. No material may be reproduced except with the express permission of The British Broadcasting Corporation.

Text of report in English by official Chinese news agency Xinhua (New China News Agency)

Wuhan, 7 September: The past decade saw a sharp decline in number of rural poverty in China, but its urban poverty became a matter of concern, said the China Population and Development Country Report, which was released on Tuesday [7 September]. The report said the number of those living in rural poverty fell from 80m people by the end of 1993 to 29m in 2003, which represented a decrease from 8.7 per cent of rural population to 3.1 per cent.

With ongoing changes in China's economic system, problems of urban poverty are a matter of concern. In 2003, an estimated number of 22.48 million urban residents had incomes below the basic standard of living. The largest proportion of urban poor are women and children.

The investment of the central government in poverty reduction work increases annually with the result that all poverty reduction grants and funds have risen from nearly 9.8bn yuan (1.2bn US dollars) in 1994 to some 30bn yuan (3.6bn US dollars) or so in 2003. Similarly, local governments have concentrated more funds on poverty reduction. Since 1995, over 10bn yuan (1.2bn US dollars) has been invested in the nine-year compulsory education in poverty-stricken areas. During the implementation, special attention has been paid to women and children.

Since the largest part of poor people are in western regions, the Chinese government adopted a Western Development Strategy in 1998 to stimulate economic growth and poverty reduction in these regions. Funding priority is given to western regions in such items as infrastructure, protection of ecological resources and the environment and tapping of natural resources.

An urban poverty reduction mechanism has been set up to address the issues of the poverty in China's urban areas. Urban poverty differs from rural poverty and results primarily from changes in the structure of China's economy and from resulting pressures on employment.

Several projects and systems have been initiated in urban areas, including a re-employment project, basic old age support insurance, health care insurance, unemployment insurance, on-job injury insurance for staff and workers, parental health insurance and minimum income relief for urban residents.

During the period of 1998 to 2003, the central government allocated 73.1bn yuan (8.8bn US dollars) to ensure the basic living standard of workers laid off from state-owned enterprises, enabling 4.4 million job losers to be re-employed. By the end of 2003, there were 103.73 million people who were covered by various types of

unemployment insurance. Governments at various levels provided a total of 15.1bn yuan (1.8bn US dollars) to subsidize a basic living standard for those in need.

Source: Xinhua news agency, Beijing, in English 1302 gmt 7 Sep 04

[Back to top](#)

China white paper on social security covers health, unemployment, the elderly

BBCAPP0020040907e097001xh

699 Words

07 September 2004

08:53 GMT

BBC Monitoring Asia Pacific

English

(c) 2004 The British Broadcasting Corporation [date of publication]. All Rights Reserved. No material may be reproduced except with the express permission of The British Broadcasting Corporation.

Text of report in English by official Chinese news agency Xinhua (New China News Agency)

Beijing, 7 September: China on Tuesday [7 September] publishes its first ever white paper on social security, detailing the current conditions of the country's social security and the policy the government adopted in the regard.

"After years of experiments and practice, a social security framework with Chinese characteristics has taken initial shape," said the white paper titled China's Social Security and its Policy, which was issued by the Information Office of the State Council.

Since China established and improved its socialist market economy system in the mid-1980s, a series of reforms have been introduced to change the old social security system practised under the planned economy, and a basic framework of a social security system has been set up in China corresponding to the market economy system, with the central and local governments sharing specific responsibilities, the white paper noted.

China's social security system includes social insurance, social welfare, the special care and placement system, social relief and housing services. As the core of the social security system, social insurance includes old-age insurance, unemployment insurance, medical insurance, work-related injury insurance and maternity insurance.

China is now an ageing society. As the ageing of the population quickens, the number of elderly people is becoming very large. This trend will reach its peak in the 2030s, said the white paper.

To guarantee the basic living standards of the elderly and safeguard their legitimate rights and interests, the Chinese government has continuously improved the old-age insurance system and reformed the fund-raising mode in an attempt to establish a multi-level old-age insurance system marked by sustainable development.

In 2003, the monthly basic pension for enterprise retirees covered by the basic old-age insurance scheme was 621 yuan (about 75 US dollars) on average, according to the white paper.

And in the same year, the number of people participating in the basic old-age insurance scheme across China reached 155.06 million, 116.46 million of whom were employees.

Also in 2003, the basic old-age insurance premium paid by enterprises nationwide totalled 259.5bn yuan (31.3bn dollars).

While promoting the reform of the enterprise employment system and setting up a market-oriented employment mechanism, the Chinese government is speeding up the development and improvement of an unemployment insurance system to guarantee the basic livelihood of employees after they lose their jobs, to help them find new jobs, and accelerate the combination of the basic livelihood guarantee system for people laid off from state-owned enterprises with the unemployment insurance, the white paper said.

By the end of 2003, there were 103.73 million people who participated in the unemployment insurance scheme, which provided unemployment insurance benefits of varying time limits to 7.42 million laid-off employees throughout the year, according to the white paper.

Since 1998, China has also promoted a national reform of the basic medical insurance system for urban employees, said the white paper.

By the end of 2003, some 109.02 million people around China had participated in the basic medical insurance programme, including 79.75 million employees and 29.27 million retirees.

"To press ahead with the improvement of the social security system is an important task for the Chinese government in its efforts to build a moderately prosperous society in a comprehensive way," said the white paper.

But it admitted that establishing a sound social security system in China is an extremely arduous task.

The white paper pointed out the fact that China is the biggest developing country with a large population in the world, and its economic base is weak and the development between regions and between town and country is unbalanced.

"The Chinese government regards economic development as the basic prerequisite for improving people's livelihood and effecting social security," said the white paper.

The white paper is divided into 12 parts, including old-age insurance, unemployment insurance, medical insurance and social security in rural areas.

Source: Xinhua news agency, Beijing, in English 0201 gmt 7 Sep 04

[Back to top](#)

Project fortifies children's health

BDU0000020040906e0960001f

466 Words

06 September 2004

Business Daily Update

English

Copyright 2004 China Daily Information Company. All rights reserved.

The United Nations Children's Fund (UNICEF) and China are working together to reduce the damage done by vitamin and mineral deficiency, particularly to children.

UNICEF and the Ministry of Health on Friday jointly launched "Vitamin and Mineral Deficiency: A Damage Assessment Report for China" in Beijing.

The report indicates iron deficiency may be impairing cognitive development in more than 20 per cent of Chinese children aged between six and 24 months. About 12 per cent of children have been found to be deficient in Vitamin A.

"Vitamin A deficiency could lead to impaired immunity in children, so there is an increased likelihood of infectious diseases including pneumonia and diarrhoea," said Wang Longde, vice-minister of health.

"Recent studies supported by the World Health Organization (WHO) have also highlighted other micronutrient deficiencies in China including zinc deficiency, which was observed to be particularly widespread in Qinghai, western China," said Henk Bekedam, WHO representative in China.

There are 19 million babies born in China every year. Wang said poor health among children could form a vicious cycle together with poverty, hampering China's social and economic development.

Speaking at Friday's launch ceremony, UNICEF's Executive Director Carol Bellamy praised the Chinese Government and the Ministry of Health for their extraordinary efforts to reach more than 90 per cent of China's 1.3 billion population with iodized salt.

A potential 133 million children would have been at risk from brain damage because of iodine deficiency if the government had not taken the measure.

In 2002 alone, 14 million newborns benefited from this extra iodine in their mothers' diets, safeguarding them from brain damage and raising their IQ by 10 to 15 points.

If these achievements on iodine are sustained, China's economy is expected to swell by US\$25 billion over the next 10 years thanks to a more productive work force.

But both Wang and Bellamy said the government's success with iodine should be just the beginning of a campaign to increase children's access to life-saving vitamins and minerals.

UNICEF, the Global Alliance for Improving Nutrition and the Asian Development Bank

have been working with the Chinese Government and private food companies to promote fortification of staple foods like flour, soy sauce and salt with iodine, iron and other vitamins and minerals.

Food fortification is an internationally recognized way of bringing vitamins and minerals to the majority of a country's population.

The report was produced by UNICEF and the Micronutrient Initiative. The two organizations have prepared more than 80 "Damage Assessment Reports" for the most seriously affected nations, assessing the extent of the impact.

Bellamy urged these countries and all global leaders to follow China's example in making deficiency control a major public health priority.

[Back to top](#)

China has 4.5 million tuberculosis patients

XNHA000020040906e09600034

103 Words

06 September 2004

Xinhua's China Economic Information Service

English

(c) 2004 Xinhua News Agency. All Rights Reserved

BEIJING, September 6 (CEIS) -- China has 4.5 million tuberculosis patients, the second largest tuberculosis population in the world, Vice-Premier Wu Yi said at a national teleconference on TB control and prevention Friday.

China will keep its promise for the international community and work hard to curb the spread of the disease, she said.

The situation is stern for TB control and prevention in China as some localities have not fully implemented the policy of TB control, she said, urging all localities to take efficient measures to protect the health and safety of the people.

[Back to top](#)

Warning on shortage of psychologists - Not enough qualified professionals to treat mental problems

SCMP000020040905e0960006q

FT

David Fang

484 Words

06 September 2004

South China Morning Post

5

English

(c) 2004 South China Morning Post Publishers Limited, Hong Kong. All rights reserved.

China has an acute shortage of trained psychologists to deal with the millions of people suffering from mental problems, according to participants at a national

psychologists convention in Shanghai.

Xinhua also reported that the lack of a standardised assessment system was hampering the quality of the profession.

"Some people who have only three months of training will claim themselves to be psychologists and offer their services to patients," it said.

Quoting information provided by the convention, Xinhua said there were about 100 psychologists in Shanghai, but the city's mental health centre was receiving more than 200 patients a day.

About 20 per cent of the 1.3 billion people on the mainland have psychological problems, with the figure expected to rise to 25 per cent by 2020.

Wu Heming , a doctor affiliated with Zhongde Psychological Counselling Hospital in Wuhan , said the incidence of problems worldwide was just 5 to 10 per cent.

Dr Wu said there were only a few hundred professional psychologists on the mainland to meet that demand and very few had international qualifications.

"In western countries, there is one counsellor for every 20,000 people, but in Shanghai there would not be more than 100 therapists [for the whole city]," he said.

Some analysts estimate that in Shanghai alone, 10,000 counsellors will be needed within a few years. Dr Wu said the population was suffering from increased psychological pressure due to uncertainty about the future.

"China is at a special social turning point," he said.

"People are facing high social pressure because a sound social security system is not in place yet."

Dr Wu said labour unions at state-owned enterprises previously acted as counselling centres, but economic reforms had shattered the system.

The Cultural Revolution was another factor behind the high rate of mental problems. "The generation which experienced the Cultural Revolution has psychological problems, and we have discovered that these issues also affect their children," he said.

Other factors included pressure on children to perform well at school, rising demands on workers and the one-child policy.

Dr Wu said authorities needed to standardise the licensing of psychologists. Two years ago, the Ministry of Labour and Social Security launched a licensing system for psychologists, while the Ministry of Health introduced its own.

Shenzhen therapist Dai Yingpin said the two systems should be combined. Ms Dai said some counsellors were employed after a few months of training, while others

had no training at all.

"Although the percentage of people with psychological problems is very high, there is not much optimism about employment conditions for therapists," she said.

"Maybe in big cities such as Beijing, Shanghai and Shenzhen, job conditions for counsellors are improving because people there understand the importance of mental health.

"But in small cities, therapists can hardly make ends meet."

[Back to top](#)

China's Life Insurers Prep for a Fight --- Likely Arrival of Foreigners Pushes Firms Like Ping An To Shape Up for Market War

AWSJ000020040928e09t0000z

By Andrew Browne

974 Words

29 September 2004

The Asian Wall Street Journal

A1

English

(c) 2004 Dow Jones & Company, Inc. To see the edition in which this article appeared, click here <http://awsj.com.hk/factiva-ns>

SHENZHEN, China -- By January, a full-scale battle for the world's fastest growing life insurance market -- China -- will erupt when the doors are thrown open to foreign competition.

China's biggest life insurers have been preparing for a fight to retain market share. It is likely to be fiercest in largest cities including Beijing, Shanghai and Guangzhou, where foreigners already operate successfully under the limited opening they've had to the industry. China Life Insurance Co. and Ping An (Group) Co., the industry leaders, have both amassed sizable war chests with overseas listings this year.

The Chinese market is getting fully opened two years ahead of major liberalization of the banking sector. Global insurance companies such as Aegon, MetLife and Standard Life Assurance will be able to operate in all cities, not just a handful of coastal ones, and they will be allowed to offer annuities, group insurance and other products.

Nobody expects the foreign joint-venture companies to expand their current 2% share of China's market overnight, because life insurance is a labor-intensive business requiring armies of sales agents that take years to recruit and train. The biggest Chinese life insurer, China Life, has 650,000 agents.

Nevertheless, companies like Ping An, the second-largest life insurer, are going through wrenching restructuring to shape up for the pending war. But Ping An, based in the southern boom city of Shenzhen, has gone further than rivals in overhauling its operations in what is already Asia's third largest life-insurance market after Japan

and South Korea. Its efforts so far have won fans.

"Ping An is far and away the most efficient," said JPMorgan analyst Craig Thornton. "There's no doubt that in the investment community Ping An is seen as better managed" than China Life, he added.

In just one year, starting in the second half of 2002, Ping An almost halved its dedicated sales force to 180,000 from 350,000, shedding poor performers. Ping An has an additional 20,000 affiliated agents. As a result, Ping An's premium growth has stalled while those of China Life are surging. But Dominic Leung, the chairman of Ping An's life division, defended the cuts. "I really don't think we had a choice," he said.

"Looking at the future, neither Ping An nor any domestic company will be able to defend themselves if their quality is not up to standard," said Mr. Leung, a Hong Kong native and one of several high-level recruits from outside the mainland brought in to the company in recent months.

Mr. Leung, a veteran of the American International Group Inc. and Britain's Prudential, said he believes foreign firms will spend the first two years after liberalization broadening their footprint in cities along the coast before expanding into the Chinese hinterland.

"I think in five years it will be even competition all over the place," he said.

Mr. Leung pointed out that foreign joint ventures already have 15% of the Shanghai market. He estimated that American International Group, which as an early entrant to China's market isn't required to do business with a local partner, has 6% to 7% of the total. He said AIG is only a shade behind Ping An in Shenzhen.

Chinese life-insurance premiums have tripled since 2000 to about \$36 billion. The consulting firm McKinsey & Co. forecasts the market will grow to as much as \$152 billion by 2008. Insurance penetration -- premiums as a percentage of gross domestic product -- is only 3.4% in China, roughly the same as India, and only half of Hong Kong's 6.7%.

Driving the expansion is China's surging economic growth and a 40% savings rate, one of the highest the world. At the same time, state health and welfare systems are crumbling across much of the country, and China has made scant pension provision for its rapidly aging population.

Faced with the imminent foreign threat, China Life and Ping An are pursuing markedly different strategies.

Ping An, which brought in McKinsey to advise on its restructuring -- and hired McKinsey consultant Louis Cheung as its chief operating officer -- is going for quality rather than quantity. It is concentrating on more stable and profitable long-term individual life insurance.

China Life is focusing on shorter-term products. That strategy requires a more intensive sales effort since policies mature faster and must be replaced in ever larger

quantities to achieve growth.

Results in the first half of this year for the companies show a dramatic divergence. China Life's total premiums grew by 37% while Ping An's declined by 9%. Yet while China Life reported a 10% drop in net profit, Ping An said its net profit jumped 26%.

Mr. Leung said premium growth would remain flat for the rest of this year before picking up. "We plan to return to a growth path early next year," he said.

China's insurers have been hobbled by poor domestic investment markets and capital controls that have prevented them from investing overseas. The stock markets are underdeveloped and speculative, and bond maturities are relatively short, which makes it impossible for insurers to use bonds to match all their long-term assets and liabilities.

Deposit rates at banks, where insurance funds often end up, no longer keep pace with inflation. Ping An has negotiated annual deposit rates of just above 4%, and inflation is now at around 5%.

Ping An is burdened by policies with guaranteed returns that it sold in the 1990s when interest rates were higher. China Life removed fixed-return policies from its books before its listing.

[Back to top](#)

ING China Life Insurance JV Gets Beijing Branch Approval

DJI0000020040901e091000dn

335 Words

01 September 2004

08:30 GMT

Dow Jones International News

English

(c) 2004 Dow Jones & Company, Inc.

BEIJING (Dow Jones)--Dutch financial services giant ING Groep N.V. (ING) said Wednesday its 50/50 life insurance joint venture with Beijing Capital Group Ltd. has received regulatory approval to open a Beijing branch.

ING Capital Life Insurance Co., which has operated in the eastern port city of Dalian since 2002, will likely launch Beijing operations in the first quarter of next year, a company statement said.

The joint venture is between Beijing Capital and ING insurance unit ING Insurance International B.V.

ING has "significant ambitions" in China's financial sector, group Chairman Michel Tilmant told reporters. However, he declined to give a timetable for other potential joint-venture life insurance branches in China.

Beijing's life insurance premium income market is worth almost EUR2.5 billion, of which ING Capital is aiming for a share of around 5% within seven years, said ING's

greater China head, Patrick S.C. Poon.

Tilmant declined to comment on reports ING is in talks on taking a strategic investment stake in third-tier Beijing City Commercial Bank.

The approval of the life insurance joint venture's Beijing license comes just before the lifting of China's traditional geographical and client restrictions on foreign insurers at the end of 2004.

China's World Trade Organization agreement specifies foreign insurers will be permitted to market health insurance and pension products nationwide to both foreign and Chinese individuals and groups by the end of 2004.

China entered the global trade body in December 2001.

ING has a second life insurance operation in China as a result of its acquisition in 2000 of U.S. financial group Aetna Inc., which included taking that company's stake in Pacific Antai Life Insurance Co. in Shanghai.

Pacific Antai opened a branch office in February in Guangzhou in southern Guangdong province.

-By Phelim Kyne, Dow Jones Newswires; 8610 6588-5848;
Phelim.kyne@dowjones.com

-Edited by Andrew Bullard [01-09-04 0830GMT]

[Back to top](#)

wb209113
N:\China Rural Health\Articles\bibliography update\Sept. 2004.doc
October 27, 2004 4:09 PM